



Presentation to the
Legislative Finance Committee
Sidonie Squier, Secretary, HSD
September 27, 2013



HSD Overview

- HSD Mission

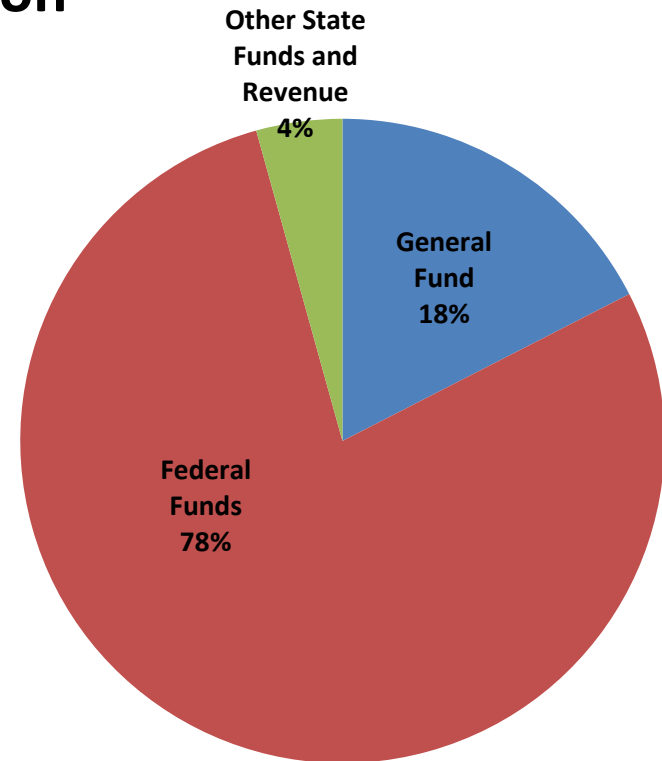
To reduce the impact of poverty on people living in New Mexico by providing support services that help families break the cycle of dependency on public assistance

- HSD administers services to more than 800,000 low-income New Mexicans through:
 - **Medical Assistance** (physical and mental health services)
 - **Income Support** (cash, food, and energy assistance, and supportive services)
 - **Child Support** (enforcement and establishment)
 - **Behavioral Health Services** (mental illness and substance abuse services)

HSD FY 15 Appropriation Request

FY 15 Budget Request of \$5.83 billion

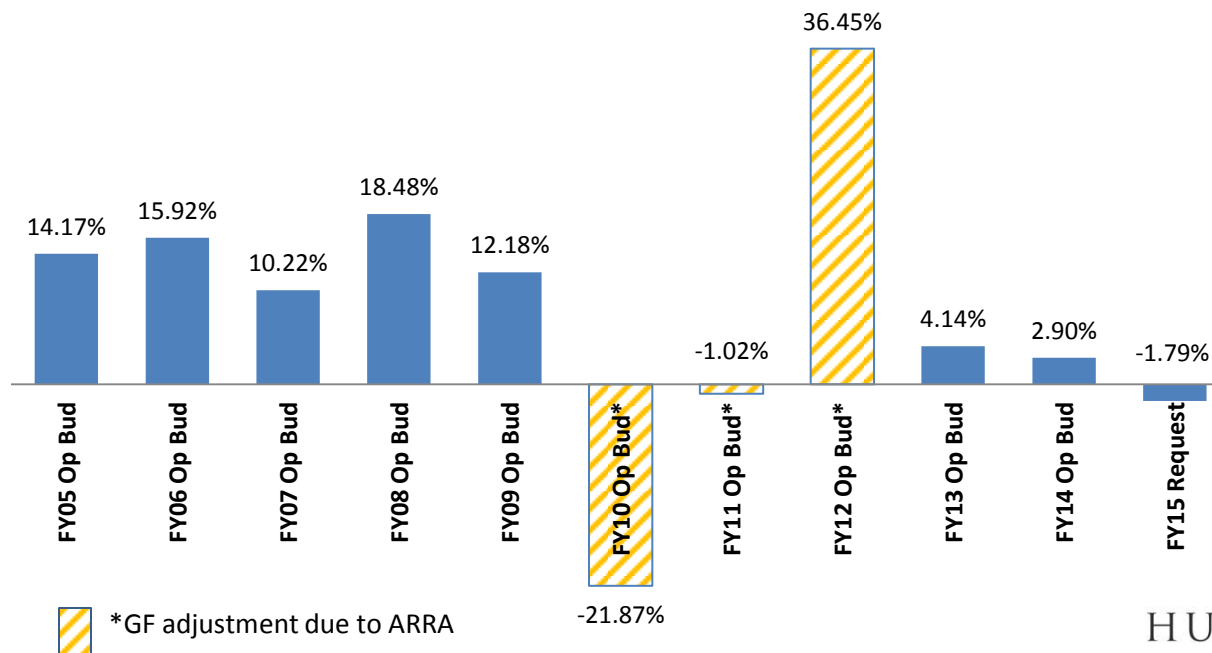
- 7.3% increase but reduced general fund need
- \$1.018 billion from the general fund (a decrease of \$18.6 million or 1.8%).
- \$4.56 billion in federal funds (an increase of \$438 million or 10.6%)
- \$251.5 million in other state funds and other revenue



HSD General Fund Budget Change

- In fact, excluding the ARRA period, FY15 would represent the first time in at least the last ten years that HSD's general fund budget could be lower than the prior year.

Percent Change in HSD General Fund Budget



Medical Assistance Division: Medicaid Spending

- We are projecting a lower general fund budget for FY15 in Medicaid, consistent with the trends over the last few years.
- Since 2011, HSD has managed the Medicaid program without the need for significant increases in general fund spending, while maintaining services and provider rates.

	FY12 Actuals	FY13 Projection*	FY14 OpBud	FY15 Request	Change from FY14
Total Budget	\$3,640.1	\$3,690.8	\$4,300.6	\$4,670.3	8.6%
General Fund	\$849.5	\$865.2	\$917.9	\$895.3	-2.5%

*August 2013 projection. Current FY14 projection is for total spending of \$4.1 billion, with \$893.5 million from the general fund.

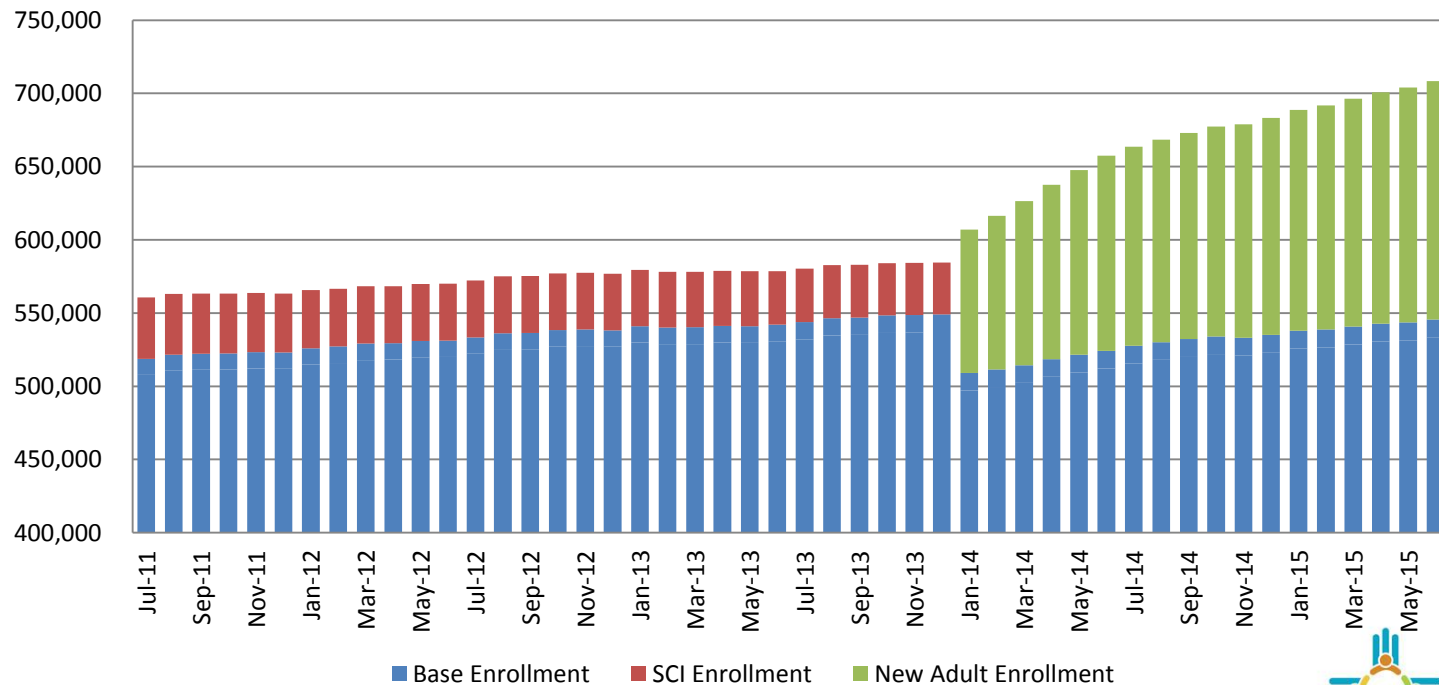
Medical Assistance and Medicaid Behavioral Health: FY 15 Appropriation Request

- Total Medicaid Program spending in FY 15 is projected to be \$4.67 billion
 - \$895.3 million from the general fund -- \$22.5 million less than FY14 budget
 - Continued slower than average growth in costs
 - 1.44 percent in the first full year of Centennial Care.
 - New revenue from drug rebates
 - \$18.2 million of revenue from collections from pharmaceutical manufacturers. New revenue reduces general fund need.
 - Higher federal matching rate (FMAP), resulting in \$8 million of general fund savings
 - Changes in enrollment mix – more federally funded due to implementation of Medicaid expansion.
 - Enrollment growth of about 7.7 percent from FY14 and 22 percent from FY14.
 - About 710,000 enrolled by the end of FY15.

Medical Assistance Division: Medicaid Enrollment

- General fund spending has been relatively flat over the last three fiscal years, although enrollment continues to grow, and will take a sharp turn up in January.

Medicaid Enrollment



Centennial Care and Expansion Update

- Centennial Care is New Mexico's new Medicaid program of integrated care that will be implemented January 1.
 - Developing and implementing new care coordination programs to ensure recipients get the care they need
- CMS approved the state's waiver request in July, and HSD is working with the four Centennial Care managed care organizations to ensure readiness.
- Open enrollment for Centennial Care begins October 15.
- HSD has scheduled some 200 meetings across the state to inform people about Centennial Care and new coverage options (e.g. Medicaid expansion)

Centennial Care, Behavioral Health and Expansion

- Opportunity to improve behavioral services and expand oversight of the behavioral network and managed care organizations in Centennial Care.
- Proposing to spend \$12.1 million of general fund 'savings' due to expansion for:
 - Quality and compliance initiatives (\$4.6 million)
 - Maintaining Transitional Living Services and the Crisis Access Line (\$3.5 million)
 - Enhancing Non-Medicaid Services (\$4 million)

Behavioral Health Spending

- Overall, in our request, funding for behavioral health services at HSD would grow by 18% -- from \$390 million to \$461 million.

	FY13			FY14			FY15		
(in millions)	GF	FF	Total	GF	FF	Total	GF	FF	Total
Medicaid Behavioral Health	\$86.1	\$202.9	\$289.0	\$90.6	\$242.2	\$332.8	\$95.6	\$305.1	\$400.7
Behavioral Health Services Division	\$40.7	\$17.9	\$58.6	\$40.6	\$17.0	\$57.6	\$39.5	\$20.5	\$60.0
Total	\$126.8	\$220.9	\$347.6	\$131.2	\$259.2	\$390.4	\$135.1	\$325.6	\$460.8
Percent change from prior year				3.5%	17.3%	12.3%	3.0%	25.6%	18.0%

ASPEN Update

- ASPEN will manage benefits for over 800,000 recipients who receive SNAP, Medicaid, and Cash Assistance. We have been working on this project for over two years and plan to be fully implemented statewide by the end of January 2014.
- The project is on-time and on-budget.
- The ASPEN system provides greater functionality than the previous legacy systems used by HSD for eligibility determination. But the greater functionality will necessarily result in increased IT costs for maintenance and operations.

ASPEN Maintenance and Operations

- Requesting an additional \$4.9 million from the general fund.
 - \$727 thousand for 20 FTE, six of which are new positions for IT support in Las Cruces, Roswell and Albuquerque. (The other 14 have been funded by the IT project budget).
 - \$3.016 million – for contract maintenance and operations and for the agency's Microsoft enterprise agreement.
 - \$1.219 million – to cover additional costs for ASPEN hardware, maintenance costs, increased DoIT rates, and increased costs for network connectivity for field offices.
- Critical to maintain this system appropriately to ensure that we can use it for years and years to come.

TANF: Helping Families Get Back to Work

- FY15 TANF budget request of \$112 million
 - Annual TANF block grant is \$110.6 million, so we propose to use some TANF carry-over balances.
- Major components are:
 - \$59.1 million for cash assistance
 - \$27.3 million for childcare services through CYFD
 - \$14.1 million for work support services, including full funding for FY14 initiatives
 - \$600 thousand more (\$2 million total) for Career Links
 - \$750 thousand more (\$1.7 million total) for ICARE – substance abuse prevention and employment services.

Wrap Up

- FY14 is a year of significant change
- FY15 is a 'year of implementation'
- Continue to manage the Medicaid program without additional general fund dollars, while expanding access to critical services, including new behavioral health services.
- Continue to focus on helping TANF recipients get back to work